

Applicant Name: Premera Blue Cross Blue Shield of Alaska Corp.

NAIC No.: _____

FEIN: _____

Uniform Certificate of Authority Application (UCAA)
Compliance with Minimum Capital and Surplus Requirements

As required by the Alaska Insurance Code, Premera Blue Cross Blue Shield of Alaska Corp. (PBC-AK) must maintain minimum capital and surplus of \$2,750,000. PBC-AK is prepared to deposit the necessary funds or securities to meet statutory capital and surplus levels upon approval by the Alaska Division of Insurance of the corporate charter documents for PBC-AK. Prior to the Division's issuance of the license, PBC-AK will provide the Division documentation demonstrating that the minimum capital and surplus levels have been met.

As explained in more detail in the Form A, the Conversion Transaction, as defined therein, contemplates that Premera Blue Cross will transfer certain of its assets and liabilities directly related to its operations in Alaska to PBC-AK. Due to this transfer, PBC-AK will immediately have risk based capital requirements that exceed the aforementioned minimum surplus level. PBC-AK has projected its risk based capital needs in accordance with Alaska insurance law, standards promulgated by the National Association of Insurance Commissioners and BlueCross BlueShield Association licensing standards. These projections along with the underlying assumptions are included with the pro-forma financial projections contained in Subsection 6(C), which will be submitted separately from the remainder of the UCAA because of the confidential and proprietary information contained therein. Upon the completion of that transfer of assets and liabilities, PBC-AK will provide the Division documentation demonstrating that adequate surplus exists to meet these risk based capital requirements.